
IN THE
Supreme Court of The United States

OCTOBER TERM, A. D. 1943.

Nos. 58, 59.

THE MERCROID CORPORATION,

Petitioner,

VS.

MINNEAPOLIS HONEYWELL REGULATOR COMPANY,

Respondent.

REPLY BRIEF FOR PETITIONER.

GEORGE L. WILKINSON,

Counsel for Petitioner.

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REPLY BRIEF FOR PETITIONER.

Petitioner's original brief quite fully anticipated the arguments presented in respondent's brief, and petitioner will briefly reply merely to several contentions advanced by respondent.

Inasmuch as the questions of improper use of the Freeman patent, violation of the Anti-Trust laws, and contributory infringement are so closely allied as to underlying facts and applicable law, they will not be separately discussed in replying to respondent's arguments.

The combination furnace control which respondent requires its licensees to sell at not less than specified prices; which respondent requires the users of the patented systems to purchase from it; from the sales of which, and royalties

Note: Emphasis is ours, unless otherwise stated.

paid thereon by licensees, respondent derives its entire revenue from its patent, and which respondent is specifically monopolizing, is admitted by respondent (Brief, page 5, and elsewhere) to be "less than the complete claimed invention" of the Freeman patent.

In considering the legal questions presented, the combination furnace control therefore may admittedly be regarded as unpatented, as no principle of patent law is more firmly established than that a patent for a combination of elements, or a system comprising a plurality of parts, is not a patent for the individual elements or parts, and that a patent does not monopolize "less than the complete claimed invention".

IMMATERIAL WHETHER PETITIONER'S UNPATENTED M-80 THERMOSTATIC SWITCH IS ADAPTED FOR USE ONLY IN THE FREEMAN SYSTEM OF FURNACE CONTROL.

Counsel for respondent seek to distinguish the case at bar from the decisions of this Court in the *Carbice* case, 283 U. S. 27, and the *Leitch-Barber* case, 302 U. S. 458, by contending that respondent's M-80 thermostatic switch "has no use other than in the Freeman system or combination" (brief p. 6), whereas in the *Carbice* case the dry ice, and in the *Leitch-Barber* case the bituminous emulsion, were staple articles of commerce.

The controlling factor in each of the said decisions of this Court was that the article sold by the alleged contributory infringer was not covered by the complainant's patent, and hence the complainant was seeking an unauthorized extension of its monopoly. If the article is unpatented, there obviously would be an unauthorized extension of the monopoly irrespective of whether it is a staple commodity or especially adapted for use in practicing the patented

invention. Such is the logical construction of the said decisions of this Court by the Courts of Appeals for the Second and First Circuits. In *Philad Co. v. Lechler*, 107 F. 2d 747, 748, the Circuit Court of Appeals for the Second Circuit said:

"It is urged that the rule of the *Carbice* case covers only an effort of a patentee to control the use of staple materials, carbon dioxide in the *Carbice* case, bituminous emulsion in the *Leitch* case," * * * "There is no support for any such limitation on the rule. In both the *Carbice* case and the *Leitch* case the emphasis was on the fact that the articles handled by the alleged contributory infringers were not covered by the patent."

In *B. B. Chemical Co. v. Ellis*, 117 F. 2d 829, 834, the Circuit Court of Appeals for the First Circuit said:

"The plaintiff seeks to prevent the application of this rule to this case by limiting the doctrine to those situations in which the alleged contributory infringer supplies staple articles of commerce. * * * We do not consider that to have been intended as a limitation upon the doctrine of the *Leitch* and *Carbice* cases. The language of those cases is extremely comprehensive and is by no means restricted to staple articles. * * * There is every indication that the *Carbice* and *Leitch* cases apply to specifically designed non-patented articles."

The record in the case at bar however does not support respondent's contention, and the comment of the Court of Appeals, that petitioner's M-80 thermostatic switch "has no other use than for accomplishing the sequence of operations of the Freeman patent".

The trial court made no such finding of fact, as obviously it would not have been supported by the evidence.

Neither petitioner's nor respondent's witnesses so testified. They testified that petitioner's M-80 thermostatic switch was the same functionally as the earlier switches,

M-51 and M-53, of Merceoid, and the separate switches 23 and 24 diagrammatically shown in the Freeman patent. Petitioner's expert witness Black said:

"So that whereas in the past an M-51 and an M-53 may be installed on the same heating furnace and the wires brought to each of the individual instruments, we can in the M-80 control bring all of the wires in a single casing and there connect them to the fan switch and the limit switch.

The function of the M-80 control is identical with the function, purpose and use of the M-51 and M-53 when used together." (R. 187.)

Respondent's expert witness Van Deventer testified:

"Q. Then that structure that you have in your hand, the M-80, is not a combination of the 23 and 24 instruments shown in the Freeman patent, is it?

A. It is so far as its circuits are concerned,
(R. 439.)

"I said that the mechanism in the M-80 was of a type that would permit the independent operation of the two circuit switches, that is, 23 and 24, independently of each other. That is what the prior art instruments will do." (R. 440.)

"In the M-80 they are both dependent for physical operation on a single spiral, and you must have in that M-80 job something that will permit each tube to operate independently of the other tube and at the same time be operated by the spiral." (R. 440-441.)

Petitioner in its thermostatic switch M-80 merely embodied in a unitary structure its separate fan and limit thermostatic switches M-51 and M-53 (R. 186), and obviously to anyone familiar with the control of electric circuits by thermostatic switches, the M-80 is capable of the same uses as are the separate switches when used together. The M-80 has four binding posts to which are connected the

wires of the two circuits, one including the fan motor and the other the fuel motor. The M-80 clearly would be equally useful if its binding posts were connected to the wires of any other two circuits which it might be desired to thermostatically control.

RESPONDENT'S INCONSISTENT POSITIONS.

In 1932, four years before petitioner combined its separate standard, conventional switches M-51 and M-53 into its M-80, respondent notified petitioner that it infringed the Freeman patent (R. 789), and after it had granted licenses to five competitors under the Freeman patent, it notified them (R. 891) that the Freeman patent would not be asserted against them if they sold separate switches for use in the Freeman patent for not less than 25% more than they sold combination switches for that purpose, thereby in effect advising them that they would be liable as infringers of the Freeman patent if they sold separate switches for use in the Freeman system for less than the said price.

However, respondent in its brief, page 26, states:

"Mercoid is not being sued for any such sales of 'separate' controls,"

and on page 14 states:

"Honeywell is not accusing Mercoid as a contributory infringer on account of any conventional or standard controls sold by Mercoid."

And yet the only controls suggested in the Freeman patent are conventional or standard controls 23 and 24.

On pages 40 and 41 of their brief, counsel for respondent say:

"Mercoid's reasoning is faulty —

first, because it implies, but does not dare say, Honey-

well has asserted that the M-80 is the equivalent of these early fan and limit switches. Honeywell denies that."

Obviously counsel's statement is limited to *structural* equivalency as respondent's expert witness Van Deventer stated (R. 441) that the M-80 attains the same results in the Freeman system as do the separate controls M-51 and M-53.

Respondent therefore is in the anomalous position of expressly denying that it is asserting contributory infringement against petitioner on account of its sale of switches of the only type disclosed and suggested in the Freeman patent, and asserting infringement against petitioner solely because of its sale of the switch mechanism M-80 not disclosed or suggested in the Freeman patent, and which it indignantly denies is the equivalent of the only fan and limit switches indicated in the Freeman patent.

FREEMAN'S ALLEGED ADVANCE IN THE ART.

Respondent, in an effort to avoid the pertinency of the *Carbice* and *Leitch-Barber* decisions of this Court, and to justify its conduct under the much earlier decision in the *Leeds & Catlin* case, 213 U. S. 325, asserts on page 38 of its brief that the licensed combination furnace control and petitioner's combination control M-80 "are so constructed and marketed that they measure, mark and embody Freeman's 'advance in the art'. They are the heart and essence of Freeman's contribution."

However, on page 41, counsel for respondent say regarding the 1927 early system of petitioner:

"All the Mercoïd system lacked was the heart of the Freeman arrangement. It had separate controls"

that might have been wired to accomplish the Freeman system, but were not."

"What Mercoid neglects to tell the Court is that *now*, after learning from Freeman, Mercoid wires the switches in the M-80, *not* according to Mercoid's old scheme, but according to Freeman."

Respondent's counsel, forgetting for the moment their argument that the combination control is "the heart and essence of Freeman's contribution", and embodies his "advance in the art", state that the *heart* of the Freeman arrangement is the wiring of the controls and switches.

It is a well established principle of patent law that when a patented invention resides in a combination of cooperating elements, all of the elements, and no one of them alone, constitutes the "advance in the art" and the "essence of the patent".

This Court in *Schumaker v. Cornell*, 96 U. S. 549, 554, stated the law as follows:

"The patent is well entitled for an improvement. It could be for nothing more.

Nothing is claimed separately. Every thing is claimed together and in the aggregate. If any thing was withdrawn, and no equivalent supplied in its place, the instrument would be a failure. Each element is a part of a compound unit, and is necessary to the completeness and efficacy of the result."

This Court in *Rowell v. Lindsay*, 113 U. S. 97, 101, again stated the law upon this point as follows:

"The patent of the plaintiffs is for a combination only. None of the separate elements of which the combination is composed are claimed as the invention of the patentee, therefore none of them standing alone are included in the monopoly of the patent. As was said by Mr. Justice Bradley in the case of *The Corn-*

Planter Patent, 23 Wall. 181, 224: 'Where a patentee, after describing a machine, claims as his invention a certain combination of elements, or a certain device, or part of the machine, this is an implied declaration, as conclusive, so far as that patent is concerned, as if it were expressed, that the specific combination or thing claimed is the only part which the patentee regards as new. True, he or some other person may have a distinct patent for the portions not covered by this; but that will speak for itself. So far as the patent in question is concerned, the remaining parts are old or common and public.' See also *Meirill v. Feomans*, 94 U. S. 568, 573; *Water Meter Co. v. Desper*, 101 U. S. 332, 337. *Miller v. Brass Co.*, 104 U. S. 350. These authorities dispose of the contention of the plaintiff's counsel that their patent covers one of the separate elements which enters into the combination, namely, a slotted wooden beam, because, as they contend, that element is new, and is the original invention of the patentees.

This Court in its later decision in *Leeds & Catlin v. Victor*, 213 U. S. 301, 318, again stated the law as follows:

"* * * Certainly, one element is not the combination nor in any proper sense can it be regarded as a substantive part of the invention represented by the combination, and it can make no difference whether the element was always free or becomes free by the expiration of a prior patent, foreign or domestic."

In view of the foregoing authorities, the Court of Appeals and respondent are in error, as a matter of law, in holding that the furnace control, which is only one of several cooperating elements of the combination in which Freeman's system resides, is the "advance in the art" or the "essence of Freeman's patent."

PETITIONER'S M-80 INSTRUCTIONS.

Respondent in support of its charge of contributory infringement lays much stress on the fact that petitioner gives instructions in its catalogues and to purchasers regarding the use of its M-80 thermostatic control. Petitioner's business is and has been for many years the manufacture and sale of temperature and pressure control switches, and it has made a practice of informing its customers as to the uses of its products and the circuits which they may control.

As illustrative of this practice of petitioner, reference is made to its Bulletin D, of April 1, 1924 (Exhibit U, R. 797), containing a circuit diagram and description of its temperature and pressure controls applied to an oil burner; to its catalogues H-3 of 1928 (Exhibit X, R. 807), and H-5 of 1929 (Exhibit Y, R. 817), each containing many wiring diagrams (R. 815 and 827) illustrating various uses of its controls in heating systems, and to its catalogue of August, 1931 (R. 847), illustrating fan and limit circuits controlled by separate thermostatic switches, as to which respondent expressly does not charge contributory infringement (Respondent's Brief, page 14).

Petitioner is not accused of anything but contributory infringement. Its acts complained of are selling controls and telling its customers how to use them. These acts were the same prior to Freeman as subsequent to Freeman.

To the manufacturer, such as petitioner, of thousands of temperature and other circuit controlling devices, many involving modifications of existing devices, the intended use by the purchaser is not always known to or of concern except as to the details involved in the particular device desired by the customer to fill an expressed need. The instructions accompanying the sale of controls are

representative of the choice of and are largely dictated by the consumer according to his suggested use, and there is no requirement on the part of the control manufacturer as to how the control should be used. Petitioner is interested in selling controlling devices, and their sale is made to its customers for them to use in the best way that their particular application or skill or past experience justifies or demands. Petitioner is not interested in all the uses to which its products may be put, but only in their sale. It is recognized that uses of temperature controls are varied and may require certain modifications to suit the particular needs of users.

ALLEGED SAFETY FEATURE OF FREEMAN SYSTEM.

In support of its argument that the Freeman system involves invention, respondent repeatedly asserts that it avoids an otherwise dangerous condition in the use of domestic furnaces. Respondent contends that as the fan circuit is closed by the temperature in the furnace, continued operation of the fan, even after the limit switch has opened and discontinued the supply of fuel, discharges from the furnace to the space to be heated excessively heated air. This argument of respondent ignores the fact that the limit switch is for the express purpose of preventing a dangerous heat in the furnace, and its controlling thermostat is so adjusted as to discontinue the supply of fuel before a dangerous degree of heat is generated. This contention by respondent also ignores the fact that, as disclosed in the Freeman patent, the circuit for the fan motor is open and the delivery of heated air from the furnace is discontinued at all times when the temperature in the heated space has caused the room thermostat to

open. The Freeman specification, page 1, lines 79 to 87 states:

" . . . Since the thermostat 18 is included in both these circuits and since the said thermostat is of the type to open its circuit when the room temperature is above a predetermined value, it is evident that the fan 21 will be stopped and the damper control will operate to check the fire whenever this predetermined room temperature is exceeded."

The real advantage in the Freeman system in providing a thermostat for continuing the operation of the fan motor to deliver latent heat from the furnace to the space to be heated, even after the supply of fuel has been discontinued, is the same as was necessarily present in the uses prior to Freeman of thermostats in a furnace for continuing the operation of the fan as long as a predetermined degree of heat exists in the furnace. If the continued operation of the fan motor, after the limit switch has opened the fuel motor circuit, is of any advantage in removing dangerous heat from the furnace, such advantage was not new in the Freeman system but existed whenever a furnace was provided with a thermostatic switch for continuing the operation of the fan motor as long as there existed a predetermined degree of heat in the furnace.

UNIVIS AND LEEDS AND CATLIN CASES.

Respondent principally relies in support of its arguments that its exploitation of the Freeman patent to monopolize an unpatented control is legal, and that the manufacture and sale of such unpatented control by petitioner constitutes contributory infringement of the Freeman patent, upon the decisions of this Court in *Leeds & Catlin v. Victor Talking Machine Co.*, 213 U. S. 325, and *United States v. Univis Lens Co.*, 316 U. S. 241.

In petitioner's original brief, the facts which distinguish the *Leeds & Catlin* case from the case at bar were pointed out. This Court explained in its later decisions in *Bassick v. Hollingshead*, 298 U. S. 105, and in *Lincoln Engineering Co. v. Stewart-Warner Co.*, 203 U. S. 445, that in the *Leeds & Catlin* case the flat disc record, the manufacture and sale of which was held to constitute a contributory infringement of the Berliner patent, possessed no utility except in combination with the stylus of a talking machine, and that "the disc not only performed a new function but performed it in combination with another new element,—the swinging arm which carried the needle."

In the case at bar, the typical thermostatic switches disclosed in the Freeman patent, which respondent through its practices is monopolizing under the Freeman patent, possessed utility, and had long been used for controlling various circuits, prior to the Freeman system. In the Freeman system they perform only the same function which they have always performed; namely, that of opening or closing circuits according to the temperature to which they are subjected. It is indeed a far cry to compare the disc record in the *Leeds & Catlin* case with the old types of thermostatic switches employed in the Freeman system, where they perform no new function but only the function which they perform wherever used.

The *Univis* case was not one for contributory infringement. It was a suit instituted by the United States for violation of the Sherman Act. This Court held that the sale of the blank after it had been ground and polished constituted a resale of the previously sold blank. This Court said:

"* * * The injunction of the District Court will therefore be continued, and extended so as to suppress all the license contracts and the maintenance

of the licensing system which appellees have established, other than the Corporation's license to the Lens Company."

The blank in the *Univis* case is clearly not comparable to the ordinary thermostatic switch used in the Freeman system.

Regarding the blank, this Court said:

"The lens blanks are rough opaque pieces of glass of suitable size, design and composition for use, when ground and polished, as multifocal lenses in eyeglasses. Each blank is composed of two or more pieces of glass of different refractive power, of such size, shape, and composition and so disposed that when fused together in the blank it is said to conform to the specifications and claims of some one of the Corporation's patents." (p. 244.)

That this Court suggested that the sale of the novel blank by one unlicensed under the *Univis* patent would constitute a contributory infringement, has a very remote bearing upon whether the manufacture and sale by petitioner of an ordinary thermostatic switch for use in the Freeman system, performing the well-known characteristic function of a thermostatic switch, constitutes a contributory infringement of the Freeman patent.

FREEMAN'S ALLEGED SEQUENCE OF OPERATION.

Counsel for respondent throughout their brief iterate and reiterate that the Freeman system comprises a sequence of operation, and it is in such alleged sequence of operation that the asserted inventive novelty resides.

The sequence of operation is described in respondent's brief on page 8 as follows:

"That sequence brings about fan operation only after the furnace temperature has attained a prede-

terminated degree; further, that sequence, for safety purposes, both shuts down the burner and maintains continued fan operation when the furnace has reached a high, unsafe temperature."

Such alleged sequence of operation is not due to any control of the fan switch circuit by the switch of the fuel motor circuit, or vice versa. The circuits for the fan motor and for the fuel motor are separately and independently controlled. Mr. Van Deventer, respondent's expert witness, explained (R. 440) that the separate switches 23 and 24 of the Freeman patent, and the corresponding switches in petitioner's M-80, *operate independently of each other*, and "That is what the prior art instruments will do."

That the fan motor will continue to operate after the operation of the fuel motor is discontinued, is due solely to the fact that the thermostatic switch 23, which controls the fan motor circuit, operates at a lower degree of heat to close the fan circuit than does the thermostatic switch 24 to open the fuel motor circuit. Thus the fan motor circuit will be closed when the fuel motor circuit is opened, and latent heat in the furnace, after the supply of fuel has ceased, will be delivered to the heated room. The limit switch 24 will close the fuel motor circuit to supply fuel at a temperature lower than that necessary to close the fan motor circuit, so that the fan motor circuit will be closed to deliver air to the heated room only after the air has been heated to a predetermined degree of temperature.

In the Freeman system, the fan switch operates in the fan circuit the same as the prior fan switches to effect the same result, and the limit switch of the motor circuit operates to effect the same result as the prior limit

switches, both of which have been sold continuously by petitioner since 1924 (R. 141).

Any alleged sequence of operation of the Freeman system is merely an aggregation of separate and independent functions of the old fan and limit switches. In the Freeman system they do not in any wise modify or control the operation or function of each other.

An analysis of the Freeman alleged sequence of operation emphasizes that all Freeman did was to aggregate in a heating system two old thermostatic switches, one for controlling the fan circuit and the other for controlling the limit circuit.

CONCLUSION.

Petitioner submits that the arguments presented on behalf of respondent fail to support the judgment of the Circuit Court of Appeals for the Seventh Circuit, and that in view of the facts and the applicable law, it should be reversed.

Respectfully,

GEO. L. WILKINSON,

Counsel for Petitioner.